



Reprinted  
January 25, 2008

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## HOUSE BILL No. 1019

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DIGEST OF HB 1019 (Updated January 24, 2008 2:33 pm - DI 110)

**Citations Affected:** IC 5-10; IC 5-10.2; noncode.

**Synopsis:** Public employee retirement. Expands the use of amounts in a retired participant's retirement medical benefits accounts to include the payment of premiums for individual or group health coverage provided by a means other than an insurance policy. Provides a cost of living adjustment (COLA) in 2009 for certain members (or survivors or beneficiaries of members) of the state teachers' retirement fund (TRF). Increases the minimum monthly disability retirement benefit paid to certain members of the public employees' retirement fund (PERF) and TRF from \$100 to \$180. Provides that a distribution of a thirteenth check by PERF or TRF must include distribution to members eligible for disability benefits. (The introduced version of this bill was prepared by the pension management oversight commission.)

**Effective:** August 1, 2007 (retroactive); January 1, 2008 (retroactive); July 1, 2008.

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**Avery, Niezgodski, Welch, Buell**

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January 8, 2008, read first time and referred to Committee on Ways and Means.  
January 16, 2008, amended, reported — Do Pass.  
January 24, 2008, read second time, amended, ordered engrossed.

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HB 1019—LS 6196/DI 102+



Reprinted  
January 25, 2008

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

## HOUSE BILL No. 1019

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 5-10-8.5-18, AS ADDED BY P.L.44-2007,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 AUGUST 1, 2007 (RETROACTIVE)]: Sec. 18. (a) Except as provided  
4 in subsection (b), the balance in a retired participant's subaccount may  
5 be used by the retired participant and the spouse and dependents of the  
6 retired participant to pay premiums for individual or group health  
7 coverage. ~~provided by an insurance policy~~.  
8 (b) If the budget agency requests and receives from the Internal  
9 Revenue Service an appropriate ruling or determination letter, the  
10 balance in a retired participant's subaccount also may be used to pay  
11 ~~(1) premiums for individual or group health coverage provided by~~  
12 ~~a means other than an insurance policy; and~~  
13 ~~(2) sickness, accident, hospitalization, and medical expenses of~~  
14 ~~the retired participant, and the spouse and dependents of the~~  
15 ~~retired participant.~~  
16 SECTION 2. IC 5-10.2-4-6 IS AMENDED TO READ AS  
17 FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]:

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1 Sec. 6. (a) A member who becomes disabled while receiving a salary  
 2 or employer provided income protection benefits or who is on leave  
 3 under the Family and Medical Leave Act may retire for the duration of  
 4 **his the member's** disability if:

5 (1) the member has at least five (5) years of creditable service  
 6 before the:

7 (A) termination of a salary or employer provided income  
 8 protection benefits or Family and Medical Leave Act leave; or

9 (B) exhaustion of all worker's compensation benefits;

10 (2) the member has qualified for Social Security disability  
 11 benefits and has furnished proof of the Social Security  
 12 qualification to the board; and

13 (3) at least once each year until the member reaches age sixty-five

14 (65) a representative of the board verifies the continued disability.

15 For the purposes of this section, a member of the public employees'  
 16 retirement fund who has qualified for disability benefits under the  
 17 federal civil service system is considered to have met the requirement  
 18 of subdivision (2) if ~~he the member~~ furnishes proof of the qualification  
 19 to the board of the public employees' retirement fund.

20 (b) Benefits for disability shall be paid beginning with the month  
 21 following the onset of disability as determined by the Social Security  
 22 Administration. The benefit is the retirement benefit specified in  
 23 section 4 of this chapter with the pension computed using only the  
 24 years of creditable service worked to the date of disability and without  
 25 reduction for early retirement. However, the monthly disability  
 26 retirement benefit may not be less than one hundred **eighty** dollars  
 27 ~~(\$100): (\$180)~~.

28 (c) The member may have ~~his the member's~~ benefit paid under any  
 29 of the retirement benefit options specified in section 7 of this chapter,  
 30 except that the member may not choose to have the member's disability  
 31 retirement benefit paid under the method specified under section  
 32 7(b)(3) of this chapter.

33 (d) This section applies to:

34 (1) a member of the public employees' retirement fund who  
 35 became disabled after June 30, 1973; and

36 (2) a member of the Indiana state teachers' retirement fund who  
 37 becomes disabled after June 30, 1984, and who chooses disability  
 38 retirement under this section.

39 (e) To the extent required by the Americans with Disabilities Act  
 40 (42 U.S.C. 12101 et seq.) and any amendments and regulations to the  
 41 Act, the transcripts, records, and other material compiled to determine  
 42 the existence of a disability shall be:

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(1) kept in separate medical files for each member; and

(2) treated as confidential medical records.

(f) A member may continue to receive disability benefits from the public employees' retirement fund or the Indiana state teachers' retirement fund so long as the member is entitled to receive Social Security benefits, including periods of trial employment or rehabilitation under the Social Security guidelines. However, during a period of trial employment or rehabilitation, service credit may not be granted under the public employees' retirement fund or the Indiana state teachers' retirement fund.

**(g) If the fund is authorized to make, in the form of a single check or a series of checks, a one (1) time distribution that does not increase the pension portion of the monthly benefit, the distribution must include members eligible for disability benefits. A member eligible for disability benefits is required to meet all additional requirements necessary to receive the check or series of checks issued by the fund under this subsection.**

SECTION 3. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] IC 5-10.2-4-6, as amended by this act, applies to disability retirement benefits payable by the Indiana state teachers' retirement fund and the public employees' retirement fund after December 31, 2007.

SECTION 4. IC 5-10.2-5-43 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 43. (a) The pension portion (plus postretirement increases to the pension portion) provided by employer contributions of the monthly benefit payable after December 31, 2008, to a member of the Indiana state teachers' retirement fund (or to a survivor or beneficiary of a member of the Indiana state teachers' retirement fund) who retired or was disabled:

(1) before July 2, 2000, shall be increased by two percent (2%); and

(2) after July 1, 2000, and before July 2, 2006, shall be increased by one percent (1%).

(b) The increases specified in this section:

(1) are based upon the date of the member's latest retirement or disability;

(2) do not apply to benefits payable in a lump sum; and

(3) are in addition to any other increase provided by law.

SECTION 5. An emergency is declared for this act.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1019, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10.2-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]:  
Sec. 6. (a) A member who becomes disabled while receiving a salary or employer provided income protection benefits or who is on leave under the Family and Medical Leave Act may retire for the duration of ~~his~~ **the member's** disability if:

(1) the member has at least five (5) years of creditable service before the:

(A) termination of a salary or employer provided income protection benefits or Family and Medical Leave Act leave; or

(B) exhaustion of all worker's compensation benefits;

(2) the member has qualified for Social Security disability benefits and has furnished proof of the Social Security qualification to the board; and

(3) at least once each year until the member reaches age sixty-five (65) a representative of the board verifies the continued disability.

For the purposes of this section, a member of the public employees' retirement fund who has qualified for disability benefits under the federal civil service system is considered to have met the requirement of subdivision (2) if ~~he~~ **the member** furnishes proof of the qualification to the board of the public employees' retirement fund.

(b) Benefits for disability shall be paid beginning with the month following the onset of disability as determined by the Social Security Administration. The benefit is the retirement benefit specified in section 4 of this chapter with the pension computed using only the years of creditable service worked to the date of disability and without reduction for early retirement. However, the monthly disability retirement benefit may not be less than one hundred ~~eighty~~ **eighty** dollars ~~(\$100)~~. **(\$180)**.

(c) The member may have ~~his~~ **the member's** benefit paid under any of the retirement benefit options specified in section 7 of this chapter, except that the member may not choose to have the member's disability retirement benefit paid under the method specified under section 7(b)(3) of this chapter.

(d) This section applies to:

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(1) a member of the public employees' retirement fund who became disabled after June 30, 1973; and

(2) a member of the Indiana state teachers' retirement fund who becomes disabled after June 30, 1984, and who chooses disability retirement under this section.

(e) To the extent required by the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and any amendments and regulations to the Act, the transcripts, records, and other material compiled to determine the existence of a disability shall be:

(1) kept in separate medical files for each member; and

(2) treated as confidential medical records.

(f) A member may continue to receive disability benefits from the public employees' retirement fund or the Indiana state teachers' retirement fund so long as the member is entitled to receive Social Security benefits, including periods of trial employment or rehabilitation under the Social Security guidelines. However, during a period of trial employment or rehabilitation, service credit may not be granted under the public employees' retirement fund or the Indiana state teachers' retirement fund.

**(g) If the fund is authorized to make, in the form of a single check or a series of checks, a one (1) time distribution that does not increase the pension portion of the monthly benefit, the distribution must include members eligible for disability benefits. A member eligible for disability benefits is required to meet all additional requirements necessary to receive the check or series of checks issued by the fund under this subsection.**

**SECTION 2. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] IC 5-10.2-4-6, as amended by this act, applies to disability retirement benefits payable by the Indiana state teachers' retirement fund and the public employees' retirement fund after December 31, 2007."**

Page 1, after line 17, begin a new paragraph and insert:

**"SECTION 4. An emergency is declared for this act."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1019 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 21, nays 0.

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## HOUSE MOTION

Mr. Speaker: I move that House Bill 1019 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10-8.5-18, AS ADDED BY P.L.44-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE AUGUST 1, 2007 (RETROACTIVE)]: Sec. 18. (a) Except as provided in subsection (b), the balance in a retired participant's subaccount may be used by the retired participant and the spouse and dependents of the retired participant to pay premiums for individual or group health coverage. ~~provided by an insurance policy.~~

(b) If the budget agency requests and receives from the Internal Revenue Service an appropriate ruling or determination letter, the balance in a retired participant's subaccount also may be used to pay

~~(1) premiums for individual or group health coverage provided by a means other than an insurance policy; and~~

~~(2) sickness, accident, hospitalization, and medical expenses of the retired participant, and the spouse and dependents of the retired participant."~~

Renumber all SECTIONS consecutively.

(Reference is to HB 1019 as printed January 17, 2008.)

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